

EXTENSIONS OF REMARKS

IMF REFORM IS URGENTLY NEEDED

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 12, 1998

Mr. SAXTON. Mr. Speaker, I rise in support of reforming the International Monetary Fund (IMF). The reforms to be included in the appropriations bill, and particularly the enforcement provisions, are not nearly as extensive as I would have liked. Nonetheless, if these reforms are permitted to take effect, they will be steps in the right direction toward a longer-term reform of the IMF.

The implementation of the IMF reforms in this bill will be an important test of the good faith and credibility of the Treasury Department and IMF. We in Congress will also have to do our part to maintain vigilant and intensive oversight to ensure these reforms are implemented in accordance with congressional intent, and I am planning to establish a systematic way to do this while also advancing an agenda for further IMF reform.

With regard to the reforms themselves, a review of their development from earlier legislation is critical to understanding congressional intent. The structure of the reforms pertaining to transparency and market interest rates is clearly based on the IMF Transparency and Efficiency Act, H.R. 3331, which I introduced with Majority Leader Arme and others last March. The reform proposals in the budget bill are essentially narrowed versions of the policy changes mandated in the IMF Transparency and Efficiency Act.

The biggest change is in the enforcement mechanism in this act, which has been replaced by a much weaker enforcement provision in the appropriations bill. Obviously I am disappointed with these changes, particularly with the weaker enforcement provisions, because it is unclear how diligently the Treasury and IMF will implement the reforms without airtight enforcement. Further enforcement measures will be called for if this mechanism proves insufficient.

With respect to the IMF transparency reforms in the appropriations bill, suffice it to say they reflect a strong congressional consensus that IMF documents be publicly released, and that IMF minutes of IMF board meetings should be publicly released in some form. Any abuse of the flexibility provided in this language would clearly not be acceptable.

With regard to the interest rate provisions, the higher interest rates are required any time the defined conditions of a balance of payments problem emerge. The compromise language uses some terms to describe these conditions also used by the IMF to describe an existing IMF loan facility, but there are essential differences that are important to note. Most importantly, the reform is to apply to all situations where the defined and rather typical characteristics associated with a balance of payments problem are present, whereas the

IMF loan facility is to be used only in "exceptional" circumstances.

Furthermore, the clear intent of this reform initiative is to require interest rates comparable to market interest rates, as expressed in H.R. 3331. What I intended in my bill was the use of a basic reference market interest rate, with an adjustment for risk added, so as to approximate the market interest rate a particular borrower would face. This would be at least equal to the market interest rates available to a borrower just before a crisis.

Prior to these negotiations, the staff of the Joint Economic Committee devised a floor to permit an objective limit on how low the rate could go for the sole purpose of limiting the potential for egregious abuse. What emerged in the reform was an interest rate formula providing a floor, whereas in the IMF lending facility this approach appears to be effectively a ceiling. The interest rates floor in the reform should not be viewed as determining the appropriate interest rate, which will vary depending on the risk factors present in different borrowing countries.

In the course of four hearings held by the Joint Economic Committee (JEC) the issues involving transparency and an end to interest rate subsidies were explored in extensive detail, as well as other issues. A complete legislative history of the IMF reforms about to be enacted with a view toward establishing congressional intent must include not only H.R. 3331, but also the germane material covered in these JEC hearings, the only hearings held that examined these reforms in any detail.

In summation, the broad congressional intent behind these IMF reforms is clear, and is reflected in the legislative history. A good faith effort to carry out these IMF reforms in keeping with the letter and spirit of the law will be as evident as the failure to do so.

REQUIRING THE SECRETARY OF STATE TO SUBMIT AN ANNUAL REPORT TO CONGRESS CONCERNING DIPLOMATIC IMMUNITY

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 12, 1998

Mr. STOKES. Mr. Speaker, I rise in strong support of S. 759 which requires the Secretary of State to submit an annual report to Congress concerning any pending or ongoing cases involving foreign diplomats in the United States who commit serious crimes. This measure will allow the Congress to monitor serious offenses committed by individuals with such immunity to ensure that this privilege is not abused.

This bill directs the Department of State to provide adequate and pertinent information to the Congress for determining the frequency and legitimacy of diplomatic immunity claims requested by foreign governments. Moreover, the report will include incidents in which for-

eign governments have requested that the United States waive immunity for American diplomats who have committed serious crimes.

The information provided will allow the Congress to reexamine its current policies regarding diplomatic immunity while determining whether further agreements between nations and/or legislation is needed to reduce the applicability of such privilege.

Mr. Speaker, while it is clear that most individuals entitled to diplomatic immunity maintain the highest standards of conduct while carrying out their duties, we must recognize instances when such privilege should not be provided. I am often reminded on Viviane Wagner's struggle to hold a foreign diplomat criminally responsible for a drunk driving accident which claimed the life of her daughter, Joviane Waltrick. Although the diplomat's immunity was later waived, we must recognize that such reckless conduct should not be subject to immunity under any circumstance or in any country.

Mr. Speaker, I urge my colleagues to support passage of S. 759. This measure will provide useful information for the Congress to determine more appropriate circumstances for the application of diplomatic immunity. Vote yes on S. 759.

CONFERENCE REPORT ON H.R. 4328, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

HON. BILL PASCRELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 12, 1998

Mr. PASCRELL. Mr. Speaker, I strongly support Section 117 of the Treasury Appropriations Conference Report now part of the FY 1999 Omnibus Appropriations Bill, which passed the House of Representatives on October 20, 1998. This Section arose out of a need to assist American victims of terrorism in recovering assets of states that sponsor terrorism in order to help satisfy civil judgments against such state-sponsors. The purpose of this provision is to put teeth into the laws that this Congress has passed regarding those nations who sponsor terrorism.

I would like to briefly comment and clarify the operation of Section 117. Subsection (f)(1)(A) clarifies existing law to allow the post-judgment seizure of blocked foreign assets of terrorist states to help satisfy judgments resulting from actions brought against them under Section 28 U.S.C. 1605(a)(7), the Foreign Sovereign Immunities Act's exception to immunity for acts of state sponsored terrorism involving the death or personal injury of a United States national.

Subsection (f)(2)(A) establishes requirements upon the Secretary of the Treasury and Secretary of State to assist in locating the blocked assets of terrorist states in order to facilitate attachment and execution. Section (d)

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